

JULY 25, 2001

FARMINGTON FALLS WATER COMPANY/
FARMINGTON FALLS STANDARD WATER DISTRICT
Request for Approval of the Transfer of Assets

ORDER

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

I. SUMMARY OF ORDER

We allow Farmington Falls Water Company (Company) to sell its assets and obligations to the Farmington Falls Standard Water District (District), to discontinue water service in the Towns of Farmington and Chesterville, and to be dissolved. We further allow the District to acquire the assets and obligations of the Company, to furnish water service in the Towns of Farmington and Chesterville as a public water utility, and to establish initial rates for that service.

II. PROCEDURAL HISTORY

On July 9, 2001, the Farmington Falls Water Company and the Farmington Falls Standard Water District filed with the Commission their joint petition for purchase and sale. The sale of Company assets was approved by its stockholders on February 21, 2001, and a purchase and sale agreement has been executed.

III. BACKGROUND

The Farmington Falls Water Company is a corporation organized under the laws of the State of Maine pursuant to Ch. 353, Private and Special Laws, 1909, and is a public utility authorized to serve and provide water services in portions of the Towns of Farmington, Chesterville and New Sharon.

The Farmington Falls Standard Water District is a quasi-municipal entity created by an Act of the State of Maine Legislature, Ch. 21, Private and Special Laws, 1999. Pursuant to the Act, the Farmington Falls Standard Water District is authorized to acquire all of the plant, properties, assets, franchises, rights, and privileges owned by the Farmington Falls Water Company used or usable in supplying water in the area of the district.

On November 30, 1999, the voters of the District approved the creation of the Farmington Falls Standard Water District. On May 30, 2001, the voters of the District established a debt limit of \$300,000. Since the District's creation, there have been ongoing negotiations. Those negotiations resulted in the District reaching agreements with the Company.

The Company and the District have entered into an agreement for the purchase and sale of substantially all of the assets of the Company. The consideration for the transaction is the assumption by the District of the Company's bank loan (outstanding balance to be assumed is \$23,569.99 as of July 24, 2001).

The District plans to finance the loan assumption and needed improvements through the U.S. Department of Agriculture, Rural Development. Under District ownership, the assets of the water system will no longer be subject to local property tax and income from operation of the water system will not be subject to income tax.

Following purchase and sale and authorization to serve, the District will initially operate the water utility pursuant to the rates and schedules currently in effect for the Company.

IV. Conclusion

The Commission will approve the joint petition because it appears to be in the best interest of the ratepayers of the water system. Nothing in this Order shall limit or restrict the powers of the Commission in determining and fixing any rate, fare, toll, or charge of the District.

Accordingly, we

O R D E R

1. That the Farmington Falls Water Company is authorized to sell, transfer, and convey to the Farmington Falls Standard Water District by an appropriate instrument or instruments of conveyance all, and not less than all, of its plants, properties, assets, franchises, rights, and privileges, including, without limitations, lands, buildings, waters, water rights, springs, wells, reservoirs, tanks, standpipes, mains, pumps, pipes, machinery, fixtures, hydrants, meters, services, tools, equipment, and appliances used or useful in supplying water for domestic, commercial, industrial, and municipal purposes, as described more fully in the Purchase and Sale Agreement accompanying the joint petition filed with the Commission on July 9, 2001;
2. That the Farmington Falls Standard Water District is authorized to purchase and acquire all of said properties and to assume all contracts (1) relating to supplying water, and (2) in effect on the date of the transfer between the Farmington Falls Water Company and any person, firm, or corporation;
3. That upon the transfer of the water system assets by the Farmington Falls Water Company to the Farmington Falls Standard Water District, the Farmington Falls Water Company is authorized pursuant to 35-A M.R.S.A. § 1104 to discontinue the service that it is providing to the public in the Towns of Farmington and Chesterville, Franklin County, Maine;

4. That upon the transfer of the water system assets to the Farmington Falls Standard Water District, it shall assume and be responsible for providing water service to the public in portions of the Towns of Farmington and Chesterville, Franklin County, Maine;
5. That until further order of this Commission, the Farmington Falls Standard Water District shall provide water service in the area now being served by the Farmington Falls Water Company pursuant to and in accordance with the filed tariffs, including terms and conditions of the Farmington Falls Water Company; provided, however, that the Farmington Falls Standard Water District, shall, upon transfer of the water system assets to it, file said tariffs, including terms and conditions, with the Commission under its own name;
6. That the Farmington Falls Water Company shall submit to the Commission a copy of its final balance sheet within 60 days of the date of the sale; and
7. That the Farmington Falls Standard Water District shall supply the Commission the following within 60 days of the date of the purchase;
 - a) A copy of the entry on the books of the Farmington Falls Standard Water District, recording the acquisition; and
 - b) A copy of the opening balance sheet of the Farmington Falls Standard Water District following acquisition.

Dated at Augusta, Maine, this 25th day of July 2001.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
Nugent
Diamond

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.

2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.

3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.